

## Message Text

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PAGE 01 STATE 049056

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ORIGIN ARA-17

INFO OCT-01 ADP-00 COA-02 PC-15 AGR-20 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01

DODE-00 PM-09 H-02 L-03 NSC-10 PA-03 PRS-01 SS-14

USIA-12 CG-00 INRE-00 /182 R

DRAFTED BY ARA/ EP/ E: DKGUTHRIE

3/16/73:28396

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PC: MR. DEJARNETTE

USDA/ EMS: MR. SHEGOQUE ( SUBS)

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P 162118 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY QUITO PRIORITY

S E C R E T STATE 049056

E. O.11652: GDS

TAGS: PFOR, EC

SUBJ: ECUADOR CASP

1. SUMMARY. COUNTRY TEAM IS REQUESTED TO PROVIDE

INFORMATION FOR IG REVIEW OF CASP. END SUMMARY.

2. AT MARCH 8 PRE- IG REVIEW OF CASP, IT WAS DECIDED  
THAT THREE MAJOR ISSUES SHOULD BE PRESENTED TO IG FOR ITS  
CONSIDERATION.

3. ISSUE NUMBER 1 CONCERNS HOW U. S. SHOULD DEAL WITH  
FISHERIES DISPUTE IN LIGHT OF GOE REJECTION OF OUR

SECRET

SECRET

PAGE 02 STATE 049056

PROPOSAL FOR INTERIM SETTLEMENT AND LIKELIHOOD THAT GOE WILL SOON TAKE FIRST STEPS TO IMPLEMENT POLICY OF " CREEPING EXCLUSION" OF U. S.- FLAG FISHING VESSELS FROM WATERS CLAIMED BY ECUADOR. ALTERNATIVES TO BE CONSIDERED UNDER THIS ISSUE WOULD INCLUDE: ( A) DAMAGE- LIMITING POLICY, WHICH SEEKS TO MINIMIZE ADVERSE EFFECTS OF FISHERIES DISPUTE ON OTHER U. S. INTERESTS BY, INTER ALIA, WAIVING AID DEDUCTION, OPPOSING ENACTMENT OF ADDITIONAL U. S. SANCTIONS, AND SEEKING TO DETER GOE FROM TOUGHENING ITS LAWS; ( B) UTILIZING U. S. ASSISTANCE IN BUILDING ECUADOREAN FISHING INDUSTRY AS MEANS OF PRESERVING SOME ACCESS TO FISHERIES OFF ECUADOR FOR U. S. FISHING INDUSTRY; AND ( C) APPLICATION OF SANCTIONS.

4. ISSUE NUMBER 2 CONCERN THE MAGNITUDE AND NATURE OF OUR BILATERAL ECONOMIC ASSISTANCE PROGRAM TO ADVANCE U. S. INTERESTS IN ECUADOREAN DEVELOPMENT IN LIGHT OF CURRENT AND FORESEEABLE CONDITIONS. IMPORTANT FACTORS TO BE CONSIDERED INCLUDE: (1) AVAILABILITY OF INCREASED OIL REVENUES TO THE GOE; (2) ASSISTANCE AVAILABLE THROUGH OTHER DONORS; (3) UTILITY OF A. I. D. PROGRAM IN INFLUENCING THE CHANNELING OF REVENUES TO THE POORER ELEMENTS OF ECUADOREAN SOCIETY; (4) PROBLEMS ATTENDANT TO SETTLEMENT OF THE FISHING DISPUTE; AND (5) THE GROWING NUMBER OF COMMERCIAL DISPUTES AND POTENTIAL EXPROPRIATION CASES. ALTERNATIVES TO BE CONSIDERED WOULD BE ( A) CONTINUANCE OF GRANT TECHNICAL ASSISTANCE AT CURRENT LEVELS, ( B) PHASEDOWN OF PROGRAM ALONG LINES PROPOSED IN AMBASSADOR'S OVERVIEW (50 PERCENT REDUCTION IN FUNDING AND TWO- THIRDS REDUCTION IN PERSONNEL BY END OF FY 75); AND ( C) TERMINATION OF PROGRAM.

5. ISSUE NUMBER 3 IS WHETHER U. S. PRESENCE, AS MEASURED BY PERSONNEL LEVELS AND ASSISTANCE PROGRAMS, IS TOO HIGH, GIVEN LIKELIHOOD WE ARE ENTERING A PERIOD OF INCREASING STRAIN IN BILATERAL RELATIONS. AMONG QUESTIONS TO BE ADDRESSED IN CONNECTION WITH THIS ISSUE WOULD BE PROPOSAL IN AMBASSADOR'S OVERVIEW FOR REDUCTION IN NUMBER OF PEACE CORPS VOLUNTEERS. ( ISSUE OF U. S. PRESENCE WOULD ALSO BE TAKEN INTO ACCOUNT IN DISCUSSING ALTERNATIVE AID LEVELS LISTED UNDER ISSUE 2).

SECRET

SECRET

PAGE 03 STATE 049056

6. TO FACILITATE IG DISCUSSION OF THESE ISSUES, COUNTRY

TEAM IS REQUESTED TO PROVIDE INFORMATION AND COMMENTS ON POINTS SET FORTH IN PARAGRAPHS BELOW.

7. IN CONNECTION WITH DEVELOPMENT OF ECUADOREAN FISHING INDUSTRY, WOULD APPRECIATE FULLER DESCRIPTION OF NATURE OF ASSISTANCE WHICH U. S. MIGHT PROVIDE, WHETHER LOANS, TECHNICAL ASSISTANCE, OR FACILITATION OF U. S. PRIVATE INVESTMENT THROUGH EXPORT- IMPORT BANK CREDITS, OPIC INSURANCE, AND RECRUITMENT OF U. S. FIRMS TO PARTICIPATE IN FISHING INDUSTRY. WOULD ALSO APPRECIATE COUNTRY TEAM VIEWS ON TYPE OF FISHING INDUSTRY THAT SEEMS MOST SUITABLE FOR ECUADOR, GIVEN GOE PREFERENCES AND AVAILABLE FISHERIES RESOURCES AND MARKETS. WOULD OBJECTIVE BE INDUSTRY BASED ON FISHERIES WITHIN ECUADOREAN 200- MILE ZONE AND SERVING DOMESTIC MARKET AND NEARBY COUNTRIES, OR IS AN ECUADOREAN FLEET OPERATING THROUGHOUT WORLD AND MARKETING CATCH IN U. S. AND OTHER DISTANT COUNTRIES ENVISIONED? WOULD ALSO APPRECIATE ANY ESTIMATE COUNTRY TEAM CAN PROVIDE REGARDING EXTENT TO WHICH GOE CAN PROVIDE FOR DEVELOPMENT OF FISHING INDUSTRY OUT OF ITS

OWN RESOURCES.

8. IT WOULD BE HELPFUL TO IG DISCUSSION TO HAVE FULLER ANALYSIS OF HOW ASSISTANCE TO FISHING INDUSTRY IS EXPECTED TO CONTRIBUTE TO RESOLUTION OF U. S.- ECUADOREAN FISHERIES DISPUTE. CAN ASSISTANCE BE USED TO OBTAIN GOE ACQUIESCE IN CONTINUED OPERATIONS BY U. S.- FLAG VESSELS WITHIN ECUADOREAN- CLAIMED WATERS? WILL ASSISTANCE SERVE TO WIN ECUADOREAN SUPPORT FOR AND PARTICIPATION IN INTERNATIONAL REGULATORY AGREEMENTS COVERING TUNA FISHERIES OFF ECUADOR AS WELL AS OTHER AREAS OR WOULD OUR OBJECTIVE BE MORE LIMITED ONE OF ASSURING U. S. PARTICIPATION IN EXPANDED ECUADOR- BASED INDUSTRY? IT WOULD ALSO BE USEFUL TO HAVE COUNTRY TEAM ESTIMATE OF GOE CAPABILITY TO CARRY OUT POLICY OF EXCLUSION AND MEASURES WHICH IT IS LIKELY TO EMPLOY TO ACHIEVE THIS END. IF EXCLUSION IS EFFECTIVE, HOW WOULD THIS AFFECT FEASIBILITY OF DAMAGE- LIMITING POLICY, CONTINUED AID PROGRAM, AND ASSISTANCE IN DEVELOPING ECUADOREAN FISHING INDUSTRY?

SECRET

SECRET

PAGE 04 STATE 049056

9. CASP IDENTIFIES OR ALLUDES TO THREE FACTORS THAT SHOULD BE CONSIDERED IN ASSESSING U. S. PRESENCE IN ECUADOR: ( A) WHETHER PRESENT PERSONNEL LEVELS ARE OBJECTIONABLE TO THE GOE OR TO THE ECUADOREAN PUBLIC OR

ARE LIKELY TO BECOME SO DURING PERIOD COVERED BY CASP,  
(B) WHETHER ALL PERSONNEL CAN BE PRODUCTIVELY UTILIZED IN  
EXISTING PROGRAMS, (C) POSSIBLE CRITICISM FROM CONGRESS  
AND AMERICAN PUBLIC IF CURRENT LEVEL OF U. S. PRESENCE IS  
MAINTAINED DURING PERIOD OF DETERIORATING U. S.- ECUADOREAN  
RELATIONS. WOULD APPRECIATE COUNTRY TEAM ASSESSMENT  
RELATIVE IMPORTANCE OF THESE AND OTHER FACTORS TO QUESTION  
OF U. S. PRESENCE IN ECUADOR AND SPECIFICS OF HOW THEY MAY  
RELATE TO INDIVIDUAL U. S. PROGRAMS.

10. IN CONNECTION WITH PROPOSAL TO ESTABLISH CEILING OF  
190 PCVS, PEACE CORPS WASHINGTON VIEW, AS STATED IN  
PRE-IG DISCUSSION, IS THAT DISTINCTIVE NATURE OF PEACE  
CORPS PROGRAM AND OF ITS OBJECTIVES IS RECOGNIZED BY USG  
AND GOE AND THAT IT IS THEREFORE INAPPROPRIATE TO LUMP  
PC WITH OTHER USG AGENCIES IN ASSESSING U. S. PRESENCE.  
PEACE CORPS BELIEVES THAT, BARRING CLEAR INDICATION THAT  
NUMBER OF PCVS IN ECUADOR IS BECOMING SOURCE OF FRICTION  
WITH GOE AND ECUADOREAN PUBLIC, LIMIT ON NUMBER OF PCVS  
SHOULD BE DETERMINED ON BASIS OF TWO FACTORS: ECUADOREAN  
REQUESTS FOR VOLUNTEER SERVICES AND AVAILABILITY OF  
VOLUNTEERS. WOULD APPRECIATE COUNTRY TEAM COMMENTS.

11. WHILE NO ESTIMATE OF INDIVIDUAL COUNTRY TITLE I

PL 480 FUNDING AVAILABILITIES FOR FY 74 IS YET AVAILABLE,  
AGRICULTURE ADVISES THAT AMOUNT AVAILABLE FOR ECUADOR  
WILL ALMOST CERTAINLY BE SUBSTANTIALLY LESS THAN DOLS 6  
MILLION PROPOSED IN CASP. IF COUNTRY TEAM ATTACHES HIGH  
PRIORITY TO DOLS 6 MILLION LEVEL, IT MAY WISH TO SUBMIT  
ADDITIONAL JUSTIFICATION.

12. TO PERMIT PROMPT IG REVIEW OF CASP, EMBASSY IS  
REQUESTED TO CABLE RESPONSE BY MARCH 21. ROGERS

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